

Chapter 5: Exam practice question

Carrefour expands in China

- 1 Explain the following terms from the text:
- a** public limited company (2)
- This is an incorporated, limited liability business whose shares are traded publicly on the stock exchange and whose reports and accounts are publicly available.
- b** multinational retailer (2)
- This is a chain of shops that operates in various countries in addition to the country in which its headquarters is located.
- c** technological advances. (2)
- These are innovations in machinery, equipment or computer systems which may allow the business to improve efficiency of operation and/or economies of scale.

Apply **Resources table 3a** mark bands to the definitions above.

- 2 Explain how rapid economic growth in China might impact on one aspect of Carrefour's business strategy. (5)
- Define business strategy: long-term goals of the company.
- Aspects of business strategy (choose one) considered may include:
- increase revenue
 - increase profits
 - penetrate new markets
 - have a global presence
 - any other relevant advantage.

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

- 3 Analyse the social changes that may be taking place in China which could influence Carrefour's activities in China. (6)
- Identified social changes may include:
- rise in GDP per capita
 - rise in education levels
 - improvement in social infrastructure
 - improved communication with the rest of the world
 - any other relevant changes.

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

At least two changes should be analysed for full points.

- 4** Produce a PEST analysis for Carrefour as it plans to open new stores in western China. **(8)**
Define and explain PEST analysis: political, economic, social, technological.

1 mark for each element of PEST identified.

An additional mark for each element explained using business terminology and linked to the case study.